

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AID-05 CEA-01
CIAE-00 COME-00 FRB-03 INR-10 NSAE-00 SP-02
STR-07 TRSE-00 LAB-04 SIL-01 OMB-01 SSO-00 INRE-00
/068 W
-----009525 031134Z/11

O 031118Z JUL 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 7627
INFO USMISSION GENEVA IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 13014

USEEC

GENEVA FOR MTN

EB FOR BARRACLOUGH
PASSELECTRONICALLY STR FOR HEIMLICH

E.O.11652:GDS
TAGS: EEC, ETRD
SUBJECT: DRAFT RESOLUTION ON STEEL

REF: (A) STATE 165873, (B) BRUSSELS 12619

1. SUMMARY: MISSION OFFICERS MET WITH LOEFF TO CONVEY SUBSTANCE OF REF (A) AND DISCUSS MEMBER STATE POSITIONS ON THE DRAFT RESOLUTION. LOEFF WAS GENERALLY RECEPTIVE TO THE US PROPOSALS WHICH HE THOUGHT COULD HELP RESOLVE SOME OUTSTANDING DIFFERENCES. LOEFF LOOKS FORWARD TO MEETING WITH US OFFICIALS IN GENEVA ON JULY 5 TO GO OVER REMAINING PROBLEMS, ESPECIALLY PARAGRAPH 3 OF INITIAL COMMITMENTS SECTION. HE WARNED THAT THE PENDING ANTI-DUMPING CASES WERE STILL A SERIOUS PROBLEM FOR THE EC. END SUMMARY.

2. MISSION OFFICERS GAVE LOEFF RECENT US PROPOSALS ON THE CONFIDENTIAL

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DRAFT RESOLUTION. HE UNDERSTOOD THAT THE KEY ITEMS WERE PART OF A PACKAGE AND GAVE US THE FOLLOWING REACTIONS TO SPECIFIC POINTS:

MEMBERSHIP:

3. LOEFF THINKS HE CAN SELL THE US PROPOSAL. MOST MEMBER

STATES AGREE THAT WITHOUT LDC PARTICIPATION THE EXERCISE WOULD HAVE LITTLE SENSE. THE FEAR THOUGH IS IDEOLOGICAL - CONCERN FOR THE PRECEDENT IT MIGHT SET AND THAT TOO MANY LDC'S COULD BECOME INVOLVED. ALSO SOME MEMBER STATES HAVE POINTED OUT THE DIFFICULTY OF ASKING LDC'S TO TAKE ON THE SAME COMMITMENTS OF OECD MEMBERS WITHOUT THE SAME STATUS ON THE COMMITTEE. HE THOUGHT THE IDEA OF PUTTING THE COMMITTEE UNDER PART II OF THE OECD BUDGET WAS HELPFUL BUT WOULD HAVE TO BE EXAMINED FOR NEW PROBLEMS IT MIGHT RAISE. HE MENTIONED IN PARTICULAR THE FINANCING ASPECT AND THE ESTABLISHMENT OF A NEW INDEPENDENT BODY WHICH WOULD BE SEEN AS MORE PERMANENT WITH MORE POWERS (SEE FRG POSITION BELOW).

INITIAL COMMITMENTS:

4. LOEFF AGREED THAT ELIMINATION OF PARAGRAPHS 7, 8, AND 9 WOULD REPRESENT A CONCESSION WHICH WOULD OVERCOME ONE OF THE MAIN PROBLEMS ENCOUNTERED THUS FAR.
5. SUBSTITUTION OF QUOTE PRACTICABLE END QUOTE FOR QUOTE POSSIBLE END QUOTE IN PARAGRAPH 2 SHOULD NOT BE A PROBLEM.
6. PARAGRAPH 3 LANGUAGE REMAINS A MAJOR OBSTACLE. THE UK AND FRANCE HAVE PROBLEMS BECAUSE OF THE PARAGRAPH'S RELATIONSHIP WITH THE MTN SELECTIVE SAFEGUARD CLAUSE WHERE MEMBER STATES FAVOR LANGUAGE TO THE EFFECT THAT IF A PARTY BELIEVES HE HAS BEEN INJURED HE CAN CONSULT. THE MEMBER STATES CANNOT GO FURTHER ON THIS ISSUE THAN THEIR MTN

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POSITION. FURTHERMORE, MEMBER STATES HAVE RAISED A SECOND QUESTION, WHAT IS AN QUOTE ACTION END QUOTE UNDER THE MEANING OF THIS PARAGRAPH, I.E., HOW FORMAL DOES IT HAVE TO BE?

7. AS FOR PARAGRAPH 4 PROPOSED INSERTION OF QUOTE ESTABLISHED UNDER NORMAL CONDITIONS OF COMPETITION END QUOTE, LOEFF SAID HE FORESAW QUOTE SMALL PROBLEMS END QUOTE.
8. LOEFF SAID THERE WAS NEAR UNANIMITY AGAINST SECTION B (EXPORT CREDITS) AS IT STANDS BUT THAT THE US PROPOSAL SEEMS SIMPLER AND HE WOULD SEE WHAT THE MEMBER STATES THOUGHT.
9. REGARDING SECTION C (DOMESTIC POLICIES), LOEFF OPINED THAT THE PROPOSED DELETION OF THE WORDS QUOTE IN ORDER TO FACILITATE STRUCTURAL ADAPTATION UNQUOTE MIGHT WELL BE A POINT OF SOME CONCERN TO DAVIGNON.
10. LOEFF WAS COMPLETELY NEGATIVE ON SECTION E (EXPORT RESTRICTIONS) WITH OR WITHOUT THE PROPOSED CHANGES. HE CLAIMED THAT THIS WAS THE ONLY PART OF THE RESOLUTION WHICH INTERESTED THE ITALIANS AND THEY COULD NEVER ACCEPT IT.
11. HE OFFERED NO COMMENT ON THE PROPOSED ADDITIONS TO THE INITIAL WORK PROGRAM EXCEPT TO NOTE THAT ITEM 5 DEPENDS

ON AGREEMENT ON THE EXPORT CREDIT SECTION IN THE INITIAL COMMITMENTS.

12. LOEFF ALSO GAVE US A RUNDOWN OF THE LAST MEETING OF THE WORKING GROUP WITH THE MEMBER STATES. HE SAID HE HAD DEFENDED THE TEXT IN ITS ENTIRETY BUT THAT THE FRG REP PUT UP (TO HIS MIND) UNREASONABLE AND INCONGRUOUS OPPOSITION TO NUMEROUS POINTS (REF B). LOEFF WAS AT A LOSS TO EXPLAIN SOME OF THE FRG POSITIONS EXCEPT TO GUESS THAT THEY MIGHT HAVE BEEN TAKEN MORE FROM A LEGAL THAN A TRADE POLICY OPTI PROBLEMS INCLUDED THE FOLLOWING:

(A) PROBLEMS SECTION, SECOND TICK: FRG OPPOSES THE WORD UNJUSTIFIABLY.

(B) OBJECTIVES SECTION, PARAGRAPH 4, FIRST TICK: FRG

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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 7628
INFO USMISSION GENEVA IMMEDIATE

C O N F I D E N T I A L SECTION 02 OF 02 BRUSSELS 13014

USEEC, GENEVA FOR MTN, EB FOR BARRACLOUGH, PASS ELECTRONICALLY
STR FOR HEIMLICH

OPPOSES THE WORDS QUOTE BE FAIR AND END QUOTE. THIRD TICK: FRG OPPOSES THE PHRASE QUOTE AND IN CONFORMITY WITH AGREED PRINCIPLES END QUOTE. FOURTH TICK: THE PHRASE QUOTE AND PROMOTE RATIONAL ALLOCATION OF PRODUCTIVE RESOURCES WITH THE AIM OF ACHIEVING FULLY COMPETITIVE INDUSTRIES END QUOTE. SIXTH TICK: THE PHRASE QUOTE RECOGNIZING LEGITIMATE DEVELOPMENT NEEDS END QUOTE.
(C) IN PARAGRAPH 5 THE FRG WOULD OPTIMALLY LIKE TO SEE SOME SORT OF LIMIT BUT WOULD LIKELY, IN LOEFF'S OPINION, SETTLE FOR A REVIEW AFTER SOME TIME. LOEFF SAID HE MADE SOME IMPACT WHEN HE POINTED OUT THAT IF THE COMMITTEE IS REVIEWED IN TWO OR THREE YEARS, IT WILL MORE PROBABLY BE STRENGTHENED THAN REDUCED OR ABOLISHED.

(D) COMMITTEE FUNCTIONS: THE FRG OBJECTED TO THE LAST PART OF 6 (1) QUOTE AND MAKING ASSESSMENTS AND FORECASTS AVAILABLE TO ALL INTERESTED PARTIES END QUOTE ON GROUNDS THAT IT REPRESENTED A SECTORAL APPROACH. LOEFF POINTED OUT P THE AD HOC GROUP WAS DOING IT ALREADY. IN PARAGRAPH 3 THE FRG DOESN'T LIKE QUOTE ESTABLISH WHERE APPROPRIATE, MULTILATERAL OBJECTIVES OR GUIDELINES FOR GOVERNMENT

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POLICIES END QUOTE. LOEFF NOTED THAT IT WAS THE ONLY SECTION WITH ANY TEETH FOR THE COMMITTEE. IN PARAGRAPH 4 THE FRG WOULD LIKE SOME MENTION OF THE TRADE PLEDGE. LOEFF REMARKED TO THEM ON THE UNLIKELYHOOD THAT THE UK WOULD GO ALONG AND IN THE END HE SEEMED TO FEEL THE FRG WAS READY TO GIVE IN ON THE POINT.

INITIAL COMMITMENTS: IN PARAGRAPH 2 THE FRENCH WOULD LIKE TO INCLUDE LANGUAGE TO THE EFFECT THAT ACTIONS SHOULD BE ABLE TO REMEDY THE PROBLEMS WHICH LED TO THEIR USE. IN SECTION B (EXPORT CREDITS) THE FRG SAID IT WAS ENOUGH TO HAVE THE GENTLEMAN'S AGREEMENT IN THE OECD AND EXPRESSED CONCERN OVER POSSIBLE SECTORALIZATION OF THE ISSUE.

13. LOEFF SAID MEMBER STATES (HE MENTIONED FRANCE THE UK) WERE STILL VERY CONCERNED OVER PENDING ANTI-DUMPING CASES AND THAT EVEN IF THE TEXT COULD BE MORE OR LESS AGREED ON ITS MERITS SOME MEMBER STATES WOULD BLOCK IT IF THERE WAS DECISION TO SUSPEND DUTIES JULY 17 IN THE GEORGETOWN CASE.

14. HE ALSO SAID IT WOULD BE USEFUL FOR HIM TO MEET WITH US OFFICIALS IN GENEVA JULY 5 TO DISCUSS THE ISSUES FURTHER. HIS NEXT MEETING WITH MEMBER STATES WILL BE JULY 6 IN COREPER. HINTON

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